

ESHB 1512 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/10/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.86A.030 and 2005 c 302 s 2 are each amended to
4 read as follows:

5 (1) Funds held in public depositories not as demand deposits as
6 provided in RCW 43.86A.020 and 43.86A.030, shall be available for a
7 time certificate of deposit investment program according to the
8 following formula: The state treasurer shall apportion to all
9 participating depositories an amount equal to five percent of the three
10 year average mean of general state revenues as certified in accordance
11 with Article VIII, section 1(b) of the state Constitution, or fifty
12 percent of the total surplus treasury investment availability,
13 whichever is less. Within thirty days after certification, those funds
14 determined to be available according to this formula for the time
15 certificate of deposit investment program shall be deposited in
16 qualified public depositories. These deposits shall be allocated among
17 the participating depositories on a basis to be determined by the state
18 treasurer.

19 (2) The state treasurer may use up to one hundred fifty million
20 dollars per year of all funds available under this section for the
21 purposes of RCW 43.86A.060. The amounts made available to these public
22 depositories shall be equal to the amounts of outstanding loans made
23 under RCW 43.86A.060.

24 (3) The formula so devised shall be a matter of public record
25 giving consideration to, but not limited to deposits, assets, loans,
26 capital structure, investments or some combination of these factors.
27 However, if in the judgment of the state treasurer the amount of
28 allocation for certificates of deposit as determined by this section
29 will impair the cash flow needs of the state treasury, the state
30 treasurer may adjust the amount of the allocation accordingly.

1 **Sec. 2.** RCW 43.86A.060 and 2005 c 302 s 3 are each amended to read
2 as follows:

3 (1) The state treasurer shall establish a linked deposit program
4 for investment of deposits in qualified public depositories. As a
5 condition of participating in the program, qualified public
6 depositories must make qualifying loans as provided in this section.
7 The state treasurer may purchase a certificate of deposit that is equal
8 to the amount of the qualifying loan made by the qualified public
9 depository or may purchase a certificate of deposit that is equal to
10 the aggregate amount of two or more qualifying loans made by one or
11 more qualified public depositories.

12 (2) Qualifying loans made under this section are those:

13 (a) Having terms that do not exceed ten years;

14 (b) Where an individual loan does not exceed one million dollars;

15 (c) That are made to a minority or women's business enterprise that
16 has received state certification under chapter 39.19 RCW;

17 (d) Where the interest rate on the loan to the minority or women's
18 business enterprise does not exceed an interest rate that is two
19 hundred basis points below the interest rate the qualified public
20 depository would charge for a loan for a similar purpose and a similar
21 term, except that, if the preference given by the state treasurer to
22 the qualified public depository under subsection (3) of this section is
23 less than two hundred basis points, the qualified public depository may
24 reduce the preference given on the loan by an amount that corresponds
25 to the reduction in preference below two hundred basis points given to
26 the qualified public depository; and

27 (e) Where the points or fees charged at loan closing do not exceed
28 one percent of the loan amount.

29 (3) In setting interest rates of time certificate of deposits, the
30 state treasurer shall offer rates so that a two hundred basis point
31 preference will be given to the qualified public depository, except
32 that the treasurer shall lower the amount of the preference to ensure
33 that the effective interest rate on the time certificate of deposit is
34 not less than two percent.

35 (4) Upon notification by the state treasurer that a minority or
36 women's business enterprise is no longer certified under chapter 39.19
37 RCW, the qualified public depository shall reduce the amount of

1 qualifying loans by the outstanding balance of the loan made under this
2 section to the minority or women's business enterprise.

3 (5) The office of minority and women's business enterprises has the
4 authority to adopt rules to:

5 (a) Ensure that when making a qualified loan under the linked
6 deposit program, businesses that have never received a loan under the
7 linked deposit program are given first priority;

8 (b) Limit the total principal loan amount that any one business
9 receives in qualified loans under the linked deposit program over the
10 lifetime of the businesses;

11 (c) Limit the total principal loan amount that an owner of one or
12 more businesses receives in qualified loans under the linked deposit
13 program during the owner's lifetime; and

14 (d) Limit the total amount of any one qualified loan made under the
15 linked deposit program.

16 NEW SECTION. Sec. 3. If specific funding for the purposes of this
17 act, referencing this act by bill or chapter number, is not provided by
18 June 30, 2007, in the omnibus appropriations act, this act is null and
19 void."

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20 On page 1, line 1 of the title, after "program;" strike the
21 remainder of the title and insert "amending RCW 43.86A.030 and
22 43.86A.060; and creating a new section."

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